

*Financial Report*

*Terrebonne Parish Recreation District No. 4*

*Dulac, Louisiana*

*For the year ended December 31, 2008*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/29/09

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For the year ended December 31, 2008

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## FINANCIAL SECTION



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 4,  
Dulac, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4 (the District), State of Louisiana, a component unit of Terrebonne Parish Consolidated Government, which collectively comprise the District's basic financial statements as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4 as of December 31, 2008, and the changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2009 on our consideration of Terrebonne Parish Recreation District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the result of our audit.

Management's Discussion and Analysis on pages 3 through 7 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
April 14, 2009.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Recreation District No.4**

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 4's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2008 by \$883,606 (net assets), which represents a 4.36% decrease from last fiscal year.

The District's revenue increased \$27,681 (or 7.40%) primarily due to an increase in ad valorem taxes and insurance reimbursements.

The District's expenses increased \$108,001 (or 32.35%) primarily due to the increase in personal services, and repairs and maintenance in connection with the damages caused by hurricanes Gustav and Ike.

The District did not have a deficit fund balance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is culture and recreation.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The only fund of the District is a governmental fund.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 8 - 12 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2008, assets exceeded liabilities by \$883,606. A large portion of the District's net assets (57.24%) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.



### Condensed Statements of Net Assets

	December 31,		Dollar
	2008	2007	Change
Current and other assets	\$ 825,209	\$ 808,376	\$ 16,833
Capital assets	505,802	493,350	12,452
Total assets	<u>1,331,011</u>	<u>1,301,726</u>	<u>29,285</u>
Other liabilities	<u>447,405</u>	<u>377,855</u>	<u>69,550</u>
Net Assets:			
Invested in capital assets	505,802	493,350	12,452
Unrestricted	377,804	430,521	(52,717)
Total net assets	<u>\$ 883,606</u>	<u>\$ 923,871</u>	<u>\$ (40,265)</u>

### Governmental Activities

Governmental activities decreased the District's net assets by \$40,265. Key elements of this decrease are as follows:

### Condensed Changes in Net Assets

	For The Year Ended December 31,		Dollar	Total
	2008	2007	Change	Percent Change
<b>Revenues:</b>				
Taxes	\$ 334,808	\$ 296,105	\$ 38,703	13.07%
Intergovernmental	21,572	53,546	(31,974)	-59.71%
Charges for services	1,639	3,714	(2,075)	-55.87%
Miscellaneous	43,586	20,559	23,027	112.00%
Total revenues	<u>401,605</u>	<u>373,924</u>	<u>27,681</u>	<u>7.40%</u>
<b>Expenses:</b>				
General government	12,968	18,212	(5,244)	-28.79%
Culture and recreation	428,902	315,657	113,245	35.88%
Total expenses	<u>441,870</u>	<u>333,869</u>	<u>108,001</u>	<u>32.35%</u>
Increase (decrease) in net assets	(40,265)	40,055	(80,320)	-200.52%
Net assets beginning of year	923,871	883,816	40,055	4.53%
Net assets end of year	<u>\$ 883,606</u>	<u>\$ 923,871</u>	<u>\$ (40,265)</u>	<u>-4.36%</u>

In 2008, the District's Ad Valorem revenue increased due to increased assessments within the District. Miscellaneous revenue increased due to insurance proceeds from hurricane damages. Culture and recreation expenses increased due an increase in personal services, and repairs and maintenance associated with the hurricanes.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending fund balance is \$377,804, a decrease of \$52,717 in comparison with the prior year, and the entire balance is available for spending at the District's discretion.

### **General Fund Budgetary Highlights**

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

#### Revenues

- Ad valorem taxes were increased to better reflect actual revenue received.

#### Expenditures

- Personal services increased by \$27,080 due to hiring an additional full time employee at the end of last year.
- Repairs and maintenance increased \$37,500 due to repair of damages caused by the hurricanes at the pool, gym, and grounds.
- Other services and charges increased by \$3,400 due to increases in insurance.

During the year, revenues and expenditures exceeded the budgetary estimates.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2008, amounts to \$505,802 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office furniture, fixtures and equipment; and vehicles, machinery and equipment (see table on next page).

	2008	2007
Land	\$ 84,503	\$ 84,503
Buildings	491,568	491,568
Improvements other than buildings	498,692	441,225
Machinery and equipment	62,638	82,035
Office furniture, fixtures and equipment	7,262	25,386
Totals	<u>\$ 1,144,663</u>	<u>\$ 1,124,717</u>

Major capital asset events during the current fiscal year included the following:

- Re-roofing the gym totaling \$59,740.
- The purchase of a lighted sign totaling \$5,500.
- The purchase of a new ice machine totaling \$3,545.
- The purchase of aluminum park benches and tables totaling \$5,366.
- The purchase of a new lawn tractor for \$7,844.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2008 assessment, which the District will receive, for the most part, in January 2009.
- The District will continue to make the renovations and repairs on the gymnasium and have budgeted to account for these expenses.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 4, 106 Recreation Dr., Dulac, LA 70353.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Terrebonne Parish Recreation District No. 4**

December 31, 2008

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 17,845		\$ 17,845
Investments	368,499		368,499
Receivables - taxes	72,056		72,056
Receivables - other	32,271		32,271
Due from other governmental units	334,538		334,538
Capital assets:			
Non-depreciable	-	\$ 84,503	84,503
Depreciable, net of accumulated depreciation	-	421,299	421,299
Total assets	<u>\$ 825,209</u>	<u>505,802</u>	<u>1,331,011</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 43,822	-	43,822
Due to Terrebonne Parish Consolidated Government	401	-	401
Unearned revenue	<u>403,182</u>	-	<u>403,182</u>
Total liabilities	<u>447,405</u>	-	<u>447,405</u>
<b>Fund Balance/Net Assets</b>			
Fund balance - unreserved	<u>377,804</u>	<u>(377,804)</u>	-
Total liabilities and fund balance	<u>\$ 825,209</u>		
<b>Net assets:</b>			
Invested in capital assets		505,802	505,802
Unrestricted		<u>377,804</u>	<u>377,804</u>
Total net assets		<u>\$ 883,606</u>	<u>\$ 883,606</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Terrebonne Parish Recreation District No. 4**

December 31, 2008

<b>Fund Balances - Governmental Fund</b>	<b>\$</b>	<b>377,804</b>
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 1,144,663	
Less accumulated depreciation	<u>(638,861)</u>	<u>505,802</u>

<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>883,606</u></b>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2008

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 334,808		\$ 334,808
Intergovernmental:			
State of Louisiana:			
State revenue sharing	9,022		9,022
FEMA	12,550		12,550
Charges for services	1,639		1,639
Miscellaneous:			
Insurance proceeds	-	\$ 32,044	32,044
Interest	11,520	-	11,520
Other	22	-	22
Total revenues	<u>369,561</u>	<u>32,044</u>	<u>401,605</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	1,132	-	1,132
Ad valorem tax deductions	11,836	-	11,836
Total general government	<u>12,968</u>	<u>-</u>	<u>12,968</u>
Culture and recreation:			
Personal services	173,149	-	173,149
Supplies and materials	23,513	-	23,513
Other services and charges	62,629	36,717	99,346
Repairs and maintenance	86,913	-	86,913
Depreciation	-	45,981	45,981
Total culture and recreation	<u>346,204</u>	<u>82,698</u>	<u>428,902</u>
Capital outlay	<u>95,150</u>	<u>(95,150)</u>	<u>-</u>
Total expenditures/expenses	<u>454,322</u>	<u>(12,452)</u>	<u>441,870</u>
<b>Deficiency of Revenues over Expenditures</b>	(84,761)	44,496	(40,265)
Other Financing Sources			
Insurance proceeds	<u>32,044</u>	<u>(32,044)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(52,717)	52,717	-
<b>Change in Net Assets</b>	-	(40,265)	(40,265)
<b>Fund Balance/Net Assets</b>			
Beginning of year	<u>430,521</u>	<u>493,350</u>	<u>923,871</u>
End of year	<u>\$ 377,804</u>	<u>\$ 505,802</u>	<u>\$ 883,606</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2008

**Net Change in Fund Balance - Governmental Fund** **\$ (52,717)**

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay	\$ 95,150	
Depreciation expense	(45,981)	
Loss on disposal of assets	<u>(36,717)</u>	<u>12,452</u>

**Change in Net Assets of Governmental Activities** **\$ (40,265)**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 270,000	\$ 330,000	\$ 334,808	\$ 4,808
Intergovernmental:				
State of Louisiana:				
State revenue sharing	2,500	2,500	9,022	6,522
FEMA	-	-	12,550	12,550
Charges for services	3,850	2,300	1,639	(661)
Miscellaneous:				
Interest	8,400	8,400	11,520	3,120
Other	-	-	22	22
Total revenues	<u>284,750</u>	<u>343,200</u>	<u>369,561</u>	<u>26,339</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	2,844	2,844	1,132	1,712
Ad valorem tax deductions	5,290	5,290	11,836	(6,546)
Total general government	<u>8,134</u>	<u>8,134</u>	<u>12,968</u>	<u>(4,834)</u>
Culture and recreation:				
Personal services	152,100	179,180	173,149	6,031
Supplies and materials	17,000	21,800	23,513	(1,713)
Other services and charges	58,150	61,550	62,629	(1,079)
Repairs and maintenance	21,500	59,000	86,913	(27,913)
Total culture and recreation	<u>248,750</u>	<u>321,530</u>	<u>346,204</u>	<u>(24,674)</u>
Capital outlay	<u>25,000</u>	<u>116,570</u>	<u>95,150</u>	<u>21,420</u>
Total expenditures	<u>281,884</u>	<u>446,234</u>	<u>454,322</u>	<u>(8,088)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>2,866</u>	<u>(103,034)</u>	<u>(84,761)</u>	<u>18,273</u>
<b>Other Financing Sources</b>				
Insurance proceeds	<u>-</u>	<u>-</u>	<u>32,044</u>	<u>32,044</u>
<b>Net Change in Fund Balance</b>	<u>2,866</u>	<u>(103,034)</u>	<u>(52,717)</u>	<u>50,317</u>
<b>Fund Balance</b>				
Beginning of year	<u>156,430</u>	<u>430,521</u>	<u>430,521</u>	<u>-</u>
End of year	<u>\$ 162,162</u>	<u>\$ 224,453</u>	<u>\$ 325,087</u>	<u>\$ 50,317</u>

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Recreation District No. 4**

December 31, 2008

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Terrebonne Parish Recreation District No. 4 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2008.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

**b) Basis of Presentation**

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (Continued)**

funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2008 property taxes which are being levied to finance the 2009 budget will be recognized as revenue in 2009. The 2008 tax levy is recorded as deferred revenue in the District's 2008 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data (Continued)**

in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

**f) Accounts Receivable**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**g) Investments**

Investments consist of certificates of deposit that are stated at cost and approximate market value.

**h) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$350 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 40 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures and equipment	5 - 20 years

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**i) Vacation and Sick Leave**

Employees of the District can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that the employee will be allowed to carry over 96 hours or 136 hours maximum each year. Employees of the District earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Upon retirement, termination or death employees are not compensated for accumulated sick leave. There is no material accumulated vacation at December 31, 2008.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Fund Equity**

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2008 the District had no outstanding borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2008 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

**Note 2 - DEPOSITS (Continued)**

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 26,885	\$ 17,845
Investments - certificates of deposit	<u>368,499</u>	<u>368,499</u>
Totals	<u>\$ 395,384</u>	<u>\$ 386,344</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2008, \$3,970 of the District's bank balance of \$395,384 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At December 31, 2008, cash and certificates of deposit in excess of FDIC insurance were adequately collateralized by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2006. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2008 was \$6.91 per \$1,000 of assessed valuation on property within Recreation District No. 4 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2008 are for budgeted expenditures in 2009 and will be recognized as revenues in 2009.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2008 consisted of the following:

State of Louisiana - State revenue sharing	\$ 6,312
Terrebonne Parish Tax Collector - December 2008	
collections remitted to the District in January 2009:	
Ad Valorem taxes	325,070
State revenue sharing	<u>3,156</u>
Total	<u>\$ 334,538</u>



**Exhibit F**  
**(Continued)**

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Capital assets not being depreciated:				
Land	\$ 84,503			\$ 84,503
Capital assets being depreciated:				
Buildings	491,568			491,568
Improvements other than buildings	441,225	\$ 69,393	\$ 11,926	498,692
Machinery and equipment	82,035	23,830	43,227	62,638
Office furniture, fixtures and equipment	25,386	1,927	20,051	7,262
Total capital assets being depreciated	1,040,214	95,150	75,204	1,060,160
Less accumulated depreciation for:				
Buildings	(417,677)	(5,684)	-	(423,361)
Improvements other than buildings	(160,666)	(32,873)	(6,559)	(186,980)
Machinery and equipment	(40,109)	(4,310)	(20,126)	(24,293)
Office furniture, fixtures and equipment	(12,915)	(3,114)	(11,802)	(4,227)
Total accumulated depreciation	(631,367)	(45,981)	(38,487)	(638,861)
Total capital assets being depreciated, net	408,847	49,169	36,717	421,299
Total capital assets, net	\$ 493,350	\$ 49,169	\$ 36,717	\$ 505,802

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenditures at December 31, 2008 consisted of the following:

Vendors	\$ 10,116
Payroll taxes	2,154
Protest taxes	<u>31,552</u>
Total governmental funds	<u>\$ 43,822</u>

**Note 7 - LEASE COMMITMENTS**

The District has a 10 year operating lease for use of land for recreational purposes which terminates May 31, 2014, for an annual rental of \$500.

The District does not have the right to assign or sublet this lease to anyone other than a public body who shall use the property for recreational purposes. Within 30 days after termination of the lease, the District shall remove any and all buildings and/or improvements placed on the premises. Failure to remove such items shall cause items to become property of the lessor without any obligation on its part. Rent expense for the District during 2008 was \$500.

**Note 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation and group health. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory

**Note 8 - RISK MANAGEMENT (Continued)**

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,975,263 at December 31, 2007, then secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2007 was \$12,648,033. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$3,994,686 at December 31, 2007, then secondly by the District or the employee for individual claims in excess of \$1,000,000. At December 31, 2008, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2008 totaled \$56,376.

**Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees. For employees retiring before January 1, 2005 the District funded the premiums for employees retiring with at least ten years of service upon retiring from the formal retirement systems and will participate in the cost at the applicable single rates. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule as adopted for retirements on or after January 1, 2005: 11 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 20, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

**Funding Policy**

The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2008 the District paid \$14,141 for the retirees' current year premiums.

**Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

In fiscal year 2008 the District recognized a net other postemployment benefit (OPEB) obligation for covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). GASB 45 was implemented prospectively with zero net obligation at transition. The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the transition year, the premiums actually paid and the District's net OPEB obligation.

Annual required contribution actuarially determined	\$	8,656
Premiums in excess of actuary		5,485
Premiums paid		(14,141)
Net OPEB obligation-end of year	\$	<u>-</u>

The District's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligation as of December 31, 2008 and 2007 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Paid</u>	<u>OPEB Obligation</u>
12/31/2008	\$ 14,141	100%	-
12/31/2007	\$ 15,351	100%	-

**Funded Status and Funding Progress**

As of January 1, 2007, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$196,059. Covered payroll for eligible employees was \$33,340 and the total UAAL represents 588.1 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. The actuarial calculations reflect a long-term perspective.

In the January 1, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual medical cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after nine years. The dental cost trend was initially 6.5 percent, reduced by decrements to an ultimate rate of 4 percent after five years. Zero trend was assumed for valuing life insurance. As of the valuation date, the District only pays required insurance premiums directly from District resources, accordingly there are no plan assets, hence no need for an actuarial value of assets. The UAAL is being amortized as a level percent of payroll on a closed basis. The remaining amortization period at January 1, 2007 was 30 years.

**Required Supplementary Information**

Once an additional OPEB actuarial valuation is completed, the District will be required to present a required schedule of funding progress immediately following the notes to its financial statements showing multiyear trend information about whether the actuarial accrued liability is increasing or decreasing over time.

**Note 10 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 2008:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Pamela Carlos	7	\$ 85
Johnny Duplantis	10	100
Lawrence Gautier	8	80
Louis Pitre	14	- *
Kirby Verrett	14	<u>120</u>
Total		<u>\$385</u>

\* Louis Pitre waived his right to receive a per diem.

**Note 11- CONTINGENCIES**

In September 2008, Hurricanes Gustav and Ike struck south Louisiana. At the present time management does not have an estimate of the net cost of repair and recovery efforts. However, management believes Hurricane relief and recovery efforts will not have a material impact on the Agency's operations.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Commissioners  
Terrebonne Parish Recreation District No. 4  
Dulac, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Terrebonne Parish Recreation District No. 4 (the District) as of and for the year ended December 31, 2008, which collectively comprise District's financial statements and have issued our report thereon dated April 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and responses, as 08-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the District and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
April 14, 2009.

## SCHEDULE OF FINDINGS AND RESPONSES

### Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2008

#### Section I Summary of Auditor's Results

##### a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

##### b) Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2008.

#### Section II Financial Statement Findings

A management letter was not issued in connection with the audit for the year ended December 31, 2008.

**08-01 Criteria** – Effective internal controls require that an entity have staffing with the technical expertise, knowledge and available time to prepare financial statements and all disclosures in accordance with generally accepted accounting principles as part of its control process.

**Condition** – Management lacks the qualifications necessary to prepare financial statements and all disclosures in accordance with generally accepted accounting principles. Possessing suitable skills, knowledge and experience to oversee services an auditor provides in assisting with financial statements presentation requires a lower level of technical knowledge than the expertise required to prepare the statements and all disclosures.

## **SCHEDULE OF FINDINGS AND RESPONSES**

(continued)

### **Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2008

#### **Section II Financial Statement Findings**

**08-01** (continued)

**Context** – Systematic

**Effect** – The Office has a recognized deficiency in its internal control.

**Cause** – The Office has not determined a need for staff possessing the required technical expertise.

**Recommendation** – We recommend the Office consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

**Views of Responsible officials of the Auditee when there is a disagreement with the Findingk to the External Practical** – None.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2008

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2007.  
No significant deficiency (ies) were reported during the audit for the year ended December 31, 2007.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2007.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2007.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2007.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2008

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

**08-01 Recommendation** – We recommend the Office consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

**Management's Response** – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2008.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2008.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2008.